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Mexico

Citrus Annual

Citrus Production Expected to Rebound

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Report Highlights:
Overall citrus production in Mexico for marketing year (MY) 2012/13 is expected to be better with larger crops compared to last marketing year, which was affected by different adverse weather events. Post forecasts MY 2012/13 fresh orange, lemon/lime, and grapefruit production at 3.9 million metric tons (MMT), 2.15 MMT, and 350,000 MT, respectively. MY 2012/13 export forecast for fresh orange, lemon/lime, and grapefruit will be higher based on more available fruit. Frozen concentrated orange juice (FCOJ) production for MY 12/13 is expected to increase from last year's levels.

Commodities:
Citrus, Other, Fresh
Lemons, Fresh
Oranges, Fresh
Orange Juice
Grapefruit, Fresh

FRESH ORANGES

PRODUCTION

Fresh orange production has been negatively affected the past two marketing years by dry weather conditions and unusually warm weather in the northern states of Mexico. However, weather conditions for MY 2012/13 have improved and fresh orange production is expected to be higher. Although there is no official Mexican forecast for orange production for MY 2012/13 (November/October), Post forecasts it to be roughly 3.9 million metric tons (MMT).

Orange production for MY 2011/12 experienced adverse weather conditions and several producing states experienced a decline in production. For example, Nuevo Leon had 30-35 percent decline, Tamaulipas 50 percent less production and Veracruz about a 15 percent loss. Although orange production for MY 2011/12 was revised upward from previous USDA estimates to 3.3 MMT, this still reflects low overall production. Fresh orange production estimates for MY 2010/11 were revised slightly downward from previous USDA estimates to 4.08 MMT based on official data. Veracruz is the most important producer of fresh oranges in Mexico with almost 50 percent of overall production, followed by the states of Tamaulipas with 12.6 percent, San Luis Potosi with 9.7 percent and Nuevo Leon with 5.8 percent of total production. The vast majority of Mexican orange production is Valencia or other juice variety.

Area planted for MY 2012/13 is not expected to increase from MY 2011/12 area. The dry weather conditions forced some growers to abandon groves due to lack of water. Area harvested for MY 2012/13 could increase slightly for areas that had some rainfall during 2012. Area planted and harvested for MY 2010/11 and MY 2011/12 was revised downward from previous Post estimates based on official information, reflecting dry weather conditions affecting overall production. In general, some growers have been abandoning groves, due to high production costs, wide swings in fresh orange prices, unfavorable weather conditions and marketing channel distribution problems. Any production increases over the last several years have been due to increased tree planting density rather than an expansion of planted area.

National orange yields for MY 2012/13 are forecast to be slightly higher, at approximately 11.8 metric tons per hectare (MT/ha), compared to MY 2011/12 average yields of 10.3 MT/ha. Regional orange yields differ widely depending on the production area. The variation in yields is caused by many factors, including weather, frequency of fertilizer and pesticide applications, tree density, and soil quality. Typically, Veracruz orange yields range from 10 to 20 MT/ha, Nuevo Leon yields range from 12 to 20 MT/ha, and San Luis Potosi yields range from 7 to 13 MT/ha.

Production costs vary amongst citrus regions. The average cost of production for a traditional grove with minimally-intensive cultivation in Veracruz is approximately 6,000 to 10,000 pesos/ha (U.S. $435.41/ha to $725.68/ha), while the cost for a more intensively farmed grove in Veracruz is between 12,000 to 18,000 pesos/ha (U.S. $870.82/ha to $1,306.24/ha). The cost of production in Sonora is higher and ranges from 18,000 to 25,000 pesos/ha (U.S. $1,306.24/ha to $1,814.22/ha) due to higher costs for irrigation and quality control (the state is in a fruit fly-free area, a status which requires more maintenance expenditures). Costs in Nuevo Leon are generally higher than those in Veracruz because of pump irrigation, fertilizer use, and pest control, and range from 11,500 to 17,000 pesos/ha (U.S. $834.54/ha to $1,233.67/ha). These last inputs account for approximately 40 percent or more of total Nuevo Leon production costs. Costs are, in general, increasing due to the rising cost of fertilizers. For

example Urea costs have fluctuated in 2012 from U.S.$370/MT to $500/MT (F.O.B). Also, growers have to consider phytosanitary costs like maintaining fruit fly-free areas. Some areas in the states of Nuevo Leon, San Luis Potosi and Tamaulipas have been declared as free of fruit fly. Fruit fly-free status greatly enhances a region's ability to export product.

Orange prices depend on domestic demand, demand from the processing industry as well as transportation costs and available supply. Farm gate prices in Veracruz were approximately 2,160 to 2,400 pesos per MT (U.S. $166.15 to $184.60/MT) for MY 2011/12. Processors in Veracruz, however, have been pressing the prices lower by closing some local processing capacity. Thus, prices for fresh oranges have been falling and were by September 2012 about $800 pesos/MT (US$61.53/MT). Transportation costs from Veracruz to Mexico City are usually 350 to 550 pesos per MT (U.S. $26.90 to $42.30 per MT) for same day delivery. Transportation costs continue increasing due to rising fuel prices.

CONSUMPTION

Fresh orange consumption for MY 2012/13 is forecast to increase more than 10 percent from the previous MY 2011/12 as the fresh market is forecast to carry more fruit at better prices. Most of the oranges in the fresh market are destined for domestic fresh squeezed juice. A limited amount of oranges are consumed as fresh fruit. Final domestic consumption estimates will depend on the final volume of oranges purchased by the processing industry and the margins between domestic orange prices and international juice prices. Fresh orange consumption estimates for MY 2011/12 were revised upward from previous estimates as the processing industry could not attract as many oranges as expected. MY 2010/11 consumption was revised upward as there were more fresh oranges available than expected.

October 2012 early wholesale Valencia orange prices in Mexico City from Veracruz started at approximately 3.32 pesos per kilogram (U.S. $0.25/kg), slightly higher in comparison to the same time last year. However, prices are dropping as more oranges become available as the Veracruz harvest picks up.

TRADE

Mexican orange exports for MY 2012/13 are forecast to increase slightly compared to the previous year due to a larger crop. Final export numbers will depend on U.S. demand and orange supplies from California and Florida. Exports for MY 2011/12 were revised upward, but were still lower than expected due to a shorter crop. Most of Mexico's oranges exported to the United States are from Sonora, a state that produces exceptionally high-quality oranges, most of which are Navels. In recent years, producers in Nuevo Leon have increased their orange exports to both the United States and Canada. The United States continues to be the largest export market for Mexican oranges.

Mexican orange imports for MY 2012/13 are forecast to continue to be similar to MY 2011/12 imports, or about 33,000 MT. Most orange imports depend on demand from the U.S.-Mexico border region. However, due to the dry season experienced in Northern Mexico, demand for imported product has been strong, and according to traders, the availability of oranges in August/September (after the northern domestic crop) has been welcome. The estimates for orange imports for MY 2011/12 were revised upward due to a higher demand from the border region due to a shorter domestic crop. Despite higher prices for imported product, fresh oranges sold well.

U.S. oranges imported to Tijuana, Baja California at the wholesale market were in August/ September 2012, $150 to 165 pesos per 20-kg box (U.S. $11.53 to $12.69/box), while at the same time in 2011 prices were $135 pesos per box (U.S.$9.79/box). Mexico is a price-sensitive market and U.S. orange prices are relatively high compared to domestic prices. The import estimate for MY 2010/11 remains unchanged.

FRESH LEMONS

PRODUCTION

Key limes and Persian limes are economically significant for Mexico. Mexican Key limes are grown along the Pacific coast in the states of Colima, Michoacán, Guerrero, and Oaxaca. Meanwhile, most Persian limes are grown in a micro-climate in northern Veracruz with smaller scale production in Tabasco, Oaxaca, Puebla, Jalisco and Yucatan.

Although 2010 and 2011 went through unusually cold and then dry weather, limes recovered faster than expected. There is not yet an official production forecast for MY 2012/13 (November/October) for Key limes and Persian limes, but post estimates it to be at 2.1 MMT. Production of Persian limes is expected to be good as analysts expect beneficial weather in the state of Veracruz throughout 2013. The state of Michoacán has also experienced good weather for the production of Key limes. Lime production for MY 2011/12 was revised upward from previous USDA estimates as rainfall was better in production areas and more area came into full production. In fact, producers indicated that both Persian and Key limes are going through overproduction problems. MY 2010/11 lime production was revised upward as more area entered into production despite lower rainfall.

High international market prices and fewer phytosanitary concerns have led to increased planted area for both Persian and Key limes. Planted area for Persian limes has grown from 42 percent of total area in 2010 to 45.5 percent in 2011. Key lime area decreased from 54 percent of total area in 2010 to 52 percent in 2011. The Persian lime area planted in Veracruz has grown at a faster rate than that of Key limes.

Michoacán and Colima are the main Key lime producing states. Key lime planted area has increased at slower rates due to domestic price swings. Michoacán has an excellent winter production window (December to February) that allows its Key limes to enter the domestic market first. As such, planted area has tended to expand more rapidly in this state. According to producers, the domestic market is saturated with Key limes and a substantial increase in Michoacán's planted area could reduce prices for Key limes in the international market. It has become current practice for Michoacán producers to suspend harvest during the course of the year to prevent oversupplying the domestic market and subsequent low prices. Veracruz is the main Persian lime producer. More than 25 percent of the Persian lime groves in Veracruz use micro-jet irrigation, or other irrigation systems, and produce year-round. Most of the irrigated Key lime groves are in the states of Michoacán and Colima and are able to produce year-round. In contrast, almost all of the planted area for Key limes in Guerrero and Oaxaca is rain fed. In Colima, about half of the Key lime groves have coconut palm trees planted between Key lime trees in order to increase producer revenue. However, Colima has problems with citrus greening (See Policy Section) and area planted has decreased about 2.5 percent from 2010 area. Overall planted area for limes for MY 2012/13 is forecast to have marginal growth to 169,000 hectares. Estimates for

planted and harvested areas for MY 2010/11 and 2011/12 were revised upward due to increased planted area in Michoacán, Jalisco, Guerrero and Tabasco.

The Persian lime industry tends to be dominated by large producers who have achieved economies of scale. Rain-fed Persian lime production costs average between 12,700 pesos/ha to 20,000 pesos/ha (U.S. $976.92/ha to $1,538.46/ha). Intensive production areas can have production costs as high as 30,000 pesos/ha or more (U.S. $2,307.69/ha) in Veracruz. Production costs are affected by imported herbicide and fertilizer prices.

The cost of production for Key limes varies according to cultivation practices and technology. In the most important Key lime producing states (Oaxaca, Colima and Michoacán), production costs can vary from 10,000 pesos/ha to 21,576 pesos/ha (U.S. $769/ha to $1,659.70/ha), and can increase to 32,480 pesos/ha (U.S. $2,498.46/ha) for intensively managed areas.

Transportation costs from Veracruz to the U.S. border are approximately 13,200 pesos/trailer (U.S. $1,015), depending on fuel prices. Packing plant input costs have increased as well in the last few years mainly due to exchange rate fluctuations that made imported goods, such as the boxes to pack the fruit, more expensive.

Persian and Key lime yields differ widely depending on production conditions. The average yields for Persian limes in Veracruz range from 8-16 MT/ha, depending on cultivation practices, but some yields are as high as 25 MT/ha. Key lime yields average between 7-12 MT/ha, with a few well-tended groves reaching 30 MT/ha. Grower prices for Persian limes range from 600-3,000 pesos/MT (U.S. $46.15/MT to $230.76/MT) for the domestic market, and 3,000-9,000 pesos/MT or more (U.S. $230.76/MT to $692.30/MT) for the export market. Grower prices for Key limes fluctuate more than prices for Persian limes depending on the season and the producing state. On average, Key lime grower prices range from 900-3,400 pesos/MT (U.S. $69.23/MT to $261.53/MT). Although Key lime production is year round, production in Michoacán targets the winter season (October to February), while production in Colima covers demand from May through September. Oaxaca and other states cover the rest of the year.

Italian lemons (EUREKA) are grown in the states of Tamaulipas, Yucatan, San Luis Potosi, and Colima. In the 1990's, producers in Tamaulipas and San Luis Potosi began producing lemons on a contract basis for a soft-drink bottler to be used for juice and lemon oil. However, after the contract ended in 2006, growers began exploring the international market. Producers in the state of Yucatan began producing lemons for the bottling company once the Tamaulipas contract ended. According to sources, Tamaulipas has about 10,000 hectares of Italian lemons planted that produce between 70,000-80,000 MT most of them for processing. Yucatan has about 2,300 hectares with a production of about 62,000 MT. For October 2012 the prevailing price of 2,200 pesos/MT (U.S. $169.23/MT) plummeted to about $1,100 pesos/MT (U.S. $84.61/MT) for processing due to international overproduction.

CONSUMPTION

Domestic consumption of both Key and Persian limes in Mexico depends largely on prices as well as the volume of limes exported. Consumption for MY 2012/13 is forecast at about 1.2 MMT, marginally higher compared to the previous year. Consumption estimates for MY 2011/12 were revised upward from previous USDA estimates as demand was higher. While Persian limes are being exported,

domestic prices tend to be higher and demand falls. Domestic consumption for MY 2010/11 was revised upward from previous USDA estimates due to better than expected consumer demand.

Depending upon U.S. demand, approximately 50-60 percent of Persian limes from Veracruz, or about a third of total Persian lime production, goes to the export market. Persian limes that do not meet the higher quality requirements of the export market are consumed within Mexico. On the other hand, most Key limes go to the fresh domestic market, but exports have been increasing. In general, approximately 16-20 percent of total Key lime production goes to processing. Producers from Colima and Michoacán indicate that approximately 30 percent of their limes go to processors. Italian Lemon producers in Tamaulipas indicate that about 40 percent of their production goes to the export market and 60 percent goes to the juice processing industry. Italian Lemon producers from other states indicate that about 35 percent of their production is for fresh consumption. Official estimates of processing industry demand are unavailable.

Mexican Key limes and Persian limes compete for the same market. When Key limes and Persian limes are both present in the domestic market during peak season, prices are relatively low. When the Persian lime harvest season is at its peak (June to September), prices for both tend to fall. After two to three months, when Persian lime growers begin to export, prices for Persian limes increase and remain high until April or May when exports decrease and both crops compete for the fresh domestic market. Key limes from Michoacán, Colima, and Oaxaca are sold on the wholesale market in 18-20/kg boxes while those from Guerrero are sold in 20-22/kg bags. Persian limes are sold in wholesale markets in 50-100/kg bags.

TRADE

Mexican Persian and Key lime exports for MY 2012/13 are expected to see continued strength and are forecast at about 600,000 MT, as international demand is expected to remain high. However, exports depend heavily on international demand from Europe, the United States and exchange rate swings. Exports for MY 2011/12 were revised upward from previous USDA estimates as demand was strong. However, international prices fell about 31 percent compared to MY 2010/11 prices. Average prices for Persian limes during MY 2010/11 were U.S. $639/MT whereas during MY 2011/12 prices decrease to about U.S. $444/MT. Traders indicated that despite the fall in prices, trade was good. Exports for MY 2010/11 were revised upward from previous USDA estimates to 466,000 MMT as international demand was very good.

The spring Persian lime harvest begins in early April and, depending on prices, is usually shipped to European markets before being shipped to the United States. According to exporters, a good price for Persian limes is about U.S. $40 per 40-pound box. However, U.S. prices for January/February 2012 were lower at about U.S. $28 to $29 per 40-pound box. Producers indicate that part of the price issue was the overproduction of limes in Mexico.

Lime exporters continue to expand into the European and Japanese markets, but still supply about 40 percent of the U.S. and Canadian markets. International prices for Persian limes began October/November 2012 at U.S. $10 to $14 per 40-pound box and it is expected that prices will reach U.S. $40 per box by 2013.

Lime imports continue to be minimal due to ample domestic supplies. MY 2012/13 imports are forecast at 1,000 MT same as in revised data of MY 2011/12. Data for MY 2010/11 remains unchanged. Mexico's tariff rate on imported limes from the United States is zero percent under NAFTA.

There is no data available regarding Italian lemon exports as the commodity is grouped in the lemon/lime tariff line.

FRESH GRAPEFRUIT

PRODUCTION

There is no yet an official forecast for grapefruit production for MY 2012/13 (November/October), but according to industry sources, compared to last marketing year, production is forecast to increase to about 350,000 MT as weather was better. The production estimates for MY 2011/12 are still considered low at about 300,000 MT due to the dry weather conditions that affected the states of Nuevo Leon, Veracruz and Tamaulipas. Grapefruit production for MY 2010/11 was revised upward based on official data.

Area planted has fluctuated between 17,000-19,000 hectares, depending on price variations and weather conditions. Area planted for MY 2012/13 is forecast to remain close to 19,000 hectares as the rate of growth in newly developed areas in Michoacán has slowed down. Area planted for MY 2011/12 was revised upward from previous USDA estimates and area harvested was revised downward according to sources where data shows a decrease in area harvested in Veracruz and Tamaulipas due to the impact of unusually dry weather. Area planted for MY 2010/11 was revised upward and area harvested was revised downward from previous USDA estimates based on official estimates.

Although Veracruz has increased some planted area, abandoned or damaged areas in other parts of the state have offset this growth. Costs of production for grapefruit fluctuate between 11,000 to 21,000 pesos per hectare (U.S. $846.15 to $1,615.38/ha). Production costs associated with pest control tend to be higher in Veracruz than in Michoacán, but Michoacán costs associated with irrigation are higher than Veracruz, as almost 80 percent of Veracruz grapefruit area is rain-fed. Generally, input costs have increased due to higher prices for imported fertilizers, pesticides, and other agrochemical products.

There are two types of grapefruit planted in Mexico: the red table varieties and the white-fleshed varieties. The red table varieties are produced in Tabasco, Campeche, Michoacán, Nuevo León, Tamaulipas, and Veracruz and are mainly for export purposes as fresh fruit and peeled slices to the United States and Europe. White-fleshed varieties are produced in Tamaulipas and Veracruz and are used for juice production or for peeled slices. According to growers, planting of red varieties over the last couple of years has increased because of the higher export demand.

According to growers and the industry, approximately 20 percent of grapefruit production is destined for processing. However, that estimate largely depends on demand for peeled fruit in the international market and demand for juice in the domestic and international markets. The MY 2012/13 forecast of grapefruit destined for processing is slightly higher compared to MY 2011/12 as a higher demand from the peeled fruit industry is expected. Grapefruit for processing for MY 2011/12 was revised downward from previous USDA estimates as dry weather conditions reduced grapefruit production.

Grapefruit yields for MY 2012/13 are forecast to be higher at about 19.7 MT/ha compared to MY 2011/12 yields of 17.8 MT/ha as the dry weather affected overall yields. Yields for MY 2010/11 are estimated at 22.8 MT/ha. Veracruz accounts for approximately 59 percent of Mexican grapefruit production and has the highest yields in the country (between 20-35 MT/ha.). The state of Michoacán, with newer developments, follows with 14 percent of production and yields between 9-15 MT/ha. Nuevo Leon accounts for almost 6 percent of total grapefruit production and generally has yields between 11-19 MT/ha. In other states, yields vary from 7-15 MT/ha.

MY 2011/12 grower prices for grapefruit in Veracruz were between 1,500 and 2,500 pesos (U.S. $115.38 and U.S. $192.30/MT). MY 2012/13 grower prices are forecast to be similar to MY 2011/12 prices. Grower prices for the state of Nuevo Leon tend to be higher at about 2,000 pesos/MT (U.S. $153.84/MT) due to quality. Michoacán has developed areas with red varieties that can be harvested from April to July, but grower prices tend to be higher than in Veracruz as fruit enters the market earlier in the season. From May to June 2012, grower prices for grapefruit from Michoacán ranged from 3,000-3,900 pesos/MT (U.S. $230.76 to $300.00/MT). But in August when Veracruz begins the marketing year, prices tend to fall by as much as 50 percent. The Mexican grapefruit industry has limited juice production because it is more profitable to export fresh product and import the juice.

CONSUMPTION

Fresh grapefruit consumption for MY 2012/13 is forecast at 260,000 MT—higher than MY 2011/12 due to expected larger supplies at affordable prices. Consumption for MY 2010/11 and MY 2011/12 were revised upward from previous USDA estimates, due to greater supplies than expected. Grapefruit is in demand as it is perceived as a low calorie (healthy) food. Growers indicate there is no payment for quality premiums as consumers are interested in lower prices.

Since Michoacán can harvest earlier than Veracruz, Michoacán producers often demand higher prices in the domestic market. Michoacán wholesale prices for July and August 2012 ranged from 5.00-6.22 pesos/kg ((U.S. $0.38 to U.S. $0.48/kg), higher compared to last year's price range of 4.49-5.06 pesos/kg (U.S. $0.32 to U.S. $0.37/kg). For 2012, Veracruz entered later than usual into the market and prices for November 2012 were almost at the same level as Michoacán's product. Prices for Nuevo Leon fruit in November 2012 in the northern states was on average 5.50 pesos/kg (U.S. $0.42/kg), lower in nominal terms to last year's price of 6.20 pesos/kg (U.S. $0.45/kg).

TRADE

Grapefruit exports for MY 2012/13 are forecast at 18,000 MT, similar to the previous year, as more fruit is expected. According to growers, demand from Europe is strong and offers better prices.

Exports for MY 2011/12 were revised upward from previous USDA estimates to 18,000 MT as demand from European countries increased. About 93 percent of exports are shipped to European countries and 3 percent to the United States. Grapefruit exports sometime decrease when the domestic market offers higher prices. Exports for MY 2010/11 were revised downward to 17,000 MT as demand was lower than expected.

According to sources, most of the imported grapefruit from the United States is processed for export to the European market or re-exported to the U.S. market. Grapefruit imports for MY 2012/13 are forecast to be similar to those in MY 2011/12, around 8,000 MT, due to good demand from the peeled fruit

industry. Estimates for MY 2010/11 and MY 2011/12 remained unchanged. The industry sources grapefruit from the domestic market all year round.

ORANGE JUICE

PRODUCTION

MY 2012/13 forecast for oranges destined for processing is expected to be about 900,000 MT—a larger volume compared to MY 2011/12 as more oranges are expected to be available due to better weather conditions. This forecast will depend on the international price for frozen concentrate orange juice (FCOJ) and fresh orange prices in the domestic market. The estimate for oranges destined for processing for MY 2011/12 was revised downwards to 640,000 MT as high temperatures that prevailed in the northern states of Mexico and untimely rainfall in most of the orange production areas reduced the crop. The market for FCOJ experienced a surge in international prices that could have allowed for more production but higher domestic prices and lower orange volumes prevented that from happening. The MY 2010/11 estimate of oranges destined for processing was revised downward from previous USDA estimates as there was less demand for FCOJ.

Reliable FCOJ production numbers are difficult to obtain as there is no official data available. However, according to industry sources, FCOJ production for MY 2013 (January/December) is forecast at 90,000 MT, an increase of 40 percent compared to MY 2012, as more oranges will be available to process. However, juice production depends heavily on international prices of FCOJ and domestic prices of fresh oranges. FCOJ production estimates for MY 2012 were revised downward from previous USDA estimates as domestic oranges were more expensive, eating into profit margins. Data for MY 2011 production was revised downward from previous USDA estimates as international demand was lower than expected. Higher prices in the international market enable processors to increase the prices paid to fruit producers. Prices for FCOJ for MY 2013 are forecast to be at about U.S. $1.25/lb, lower compared to last year. FCOJ international prices for MY 2012 began at high prices on average U.S. $2.00/lb but decreased to about U.S. $1.57/lb in September 2012.

Procurement prices for MY 2012 were high at about 2,200 pesos/MT or more (U.S. $169.23/MT) delivered at the processing plant due to lower supplies of fresh oranges. This situation created a problem for the industry as oranges for processing were more expensive and international FCOJ prices decreased more than expected. The industry decided to stop processing at about 10-12 processing plants in February 2012 in order to allow fresh orange supplies to saturate the market, and thus force prices downward. The industry later began to buy oranges at lower prices but still ended the year with lower FCOJ production.

CONSUMPTION

FCOJ consumption for MY 2013 is forecast at 6,200 MT, with a stable demand for orange juice in beverages with orange flavoring. The majority of Mexican consumers prefer freshly squeezed juice as opposed to processed orange juice. Consumption for MY 2012 decreased from previous USDA estimates as demand was lower. Consumption for MY 2011 remains unchanged. Most of the orange juice produced in Mexico goes to the export market. According to processors, carryover of FCOJ from one year to the next is approximately 2,000 MT. However, for MY 2012, stocks fell to zero as the industry sold everything thanks to attractive international prices.

TRADE

Exports of FCOJ for MY 2013 are forecast to increase to 82,000 MT if fresh orange prices are favorable and/or if FCOJ international prices are over U.S. $1.00/lb. Exports for MY 2012 were revised downward from previous USDA estimates, due to lower production. MY 2011 official Mexican export data (and hence, GTA data) appears to be incorrect and the Mexican industry confirmed that it is very unlikely that Mexico exported the reported 160,600 MT of FCOJ. Consequently, FCOJ export estimates for MY 2011 were revised downward from previous USDA estimates to about 85,290 MT of FCOJ (note that the 2011 FCOJ trade matrix below reports the GTA data). The United States is the main market for Mexican FCOJ, followed by Japan and Europe. FCOJ is imported into Mexico to cover the industry's needs for blending as well as to meet demand from hotels and restaurants. Nevertheless, these imports are marginal compared to domestic production. FCOJ imports for MY 2013 are forecast at 400 MT. Imports for MY 2011 and MY 2012 were revised downward from previous USDA estimates, based on new trade data.

Under Mexico's free trade agreement with the European Union (EU), the EU allows entry of 30,000 MT of FCOJ from Mexico with a tariff set at 25 percent below the 20 percent MFN duty. Mexico has exported about 16,670 MT of FCOJ to European countries in 2012. Mexico also ships product to Japan under a trade agreement that allows entry of 6,500 MT at one-half of the 20 percent MFN tariff duty, or 10 percent.

During MY 2011, Mexico exported approximately 5,348 MT of FCOJ to Japan. On September 23, 2011, Mexico and Japan signed an amendment to the trade agreement expanding opportunities for Mexico to increase exports on some agricultural products like FCOJ. Now the quota will expand to 8,000 MT of FCOJ in 2016 with an increase of the tariff preference from 50-75 percent below the MFN duty rate.

POLICY:

Citrus Greening

Citrus greening or Huanglongbing (HLB), one of the world's most economically significant citrus diseases, has been detected in several citrus-producing areas in Mexico. As part of the prevention campaign against the introduction of citrus quarantine pests, the government detected the presence of HLB in the states of Yucatan (July 2009); Quintana Roo (August 2009); Nayarit and Jalisco (December 2009); Campeche (March 2010); Colima (April 2010) and Sinaloa (June 2010), Michoacán (December 2010), Chiapas (March 2011) Baja California Sur and Hidalgo (August 2011). See Mexico GAIN reports MX9043 (2009), MX0005 (2010), and MX0055 (2010) for additional information about Mexico's Secretariat of Agriculture (SAGARPA) regulatory measures to monitor and protect the country from HLB. SENASICA's web page on HLB contains information about all the programs and control and prevention campaigns: http://www.senasica.gob.mx/?id=4512

Mexico is currently surveying a range of areas for the presence of the HLB bacterium, Candidatus Liberibacter asiaticus, in symptomatic host plants across the country. USDA and Mexico are conducting joint suppression campaigns aimed at reducing populations of HLB's insect vector, the Asian Citrus Psyllid (ACP), along the border and, recently, began collaborating to expand efforts into Central American countries to combat this pest. According to SAGARPA, the phytosanitary activities include the detection of plants and symptomatic trees, the elimination of plants with defined symptoms,

establishing quarantine areas, doing chemical control of ACP in rural and urban zones, producing nursery stock under anti-aphid protection, and holding training and communication workshops.

According to the latest monthly 2012 bulletin from SENASICA, HLB is currently present in 11 of the 23 citrus producing states in Mexico. Colima, Nayarit, Jalisco, Michoacán and Sinaloa are the states that have seen the greatest damage as HLB is present in commercial orchards.

Production, Supply and Demand Data Statistics:
Table 1. Mexico: Fresh Orange Production

Oranges, Fresh Mexico	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Nov 2010		Market Year Begin: Nov 2011		Market Year Begin: Nov 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	339,760	335,471	339,000	335,000		335,000
Area Harvested	335,000	330,174	334,000	324,000		328,000
Bearing Trees	67,670	66,660	67,468	65,448		66,862
Non-Bearing Trees	962	1,070	1,010	2,222		1,030
Total No. Of Trees	68,632	67,730	68,478	67,670		67,892
Production	4,100	4,080	3,200	3,360		3,900
Imports	23	23	30	33		33
Total Supply	4,123	4,103	3,230	3,393		3,933
Exports	15	17	15	16		18
Fresh Dom. Consumption	2,988	3,156	2,515	2,727		3,015
For Processing	1,120	930	700	650		900
Total Distribution	4,123	4,103	3,230	3,393		3,933
HECTARES, 1000 TREES, 1000 MT						

Table 2. Mexico: Fresh Lemon/Lime Production

Lemons/Limes, Fresh Mexico	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Nov 2010		Market Year Begin: Nov 2011		Market Year Begin: Nov 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	157,957	166,580	158,100	167,900		169,000
Area Harvested	144,000	149,607	144,130	158,000		160,000
Bearing Trees	27,360	28,425	27,384	30,020		30,400
Non-Bearing Trees	2,651	3,377	2,654	1,880		1,710
Total No. Of Trees	30,011	31,802	30,038	31,900		32,110
Production	1,800	2,133	1,700	2,100		2,150
Imports	2	2	2	1		1
Total Supply	1,802	2,135	1,702	2,101		2,151
Exports	432	466	496	600		600
Fresh Dom. Consumption	1,080	1,327	936	1,171		1,211
For Processing	290	342	270	330		340
Total Distribution	1,802	2,135	1,702	2,101		2,151
HECTARES, 1000 TREES, 1000 MT						

Table 3. Mexico: Fresh Grapefruit Production

Grapefruit, Fresh Mexico	2010/2011		2011/2012		2012/2013	
	Market Year Begin: Nov 2010		Market Year Begin: Nov 2011		Market Year Begin: Nov 2012	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted	18,500	18,575	18,500	18,800		19,000
Area Harvested	17,550	17,381	17,530	16,800		17,700
Bearing Trees	3,316	3,285	3,313	3,175		3,345
Non-Bearing Trees	179	225	183	378		245
Total No. Of Trees	3,495	3,510	3,496	3,553		3,590
Production	394	397	300	300		350
Imports	2	2	8	8		8
Total Supply	396	399	308	308		358
Exports	18	17	15	18		18
Fresh Dom. Consumption	288	292	203	220		260
For Processing	90	90	90	70		80
Total Distribution	396	399	308	308		358
HECTARES, 1000 TREES, 1000 MT						

Table 4. Mexico: Frozen Concentrate Orange Juice Production

Orange Juice Mexico	2010/2011		2011/2012		2012/2013	
MT	Market Year Begin: Jan 2011		Market Year Begin: Jan 2012		Market Year Begin: Jan 2013	
	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Deliv. To Processors	1,120,000	920,000	700,000	640,000		900,000

Beginning Stocks	2,000	2,000	2,000	2,000		0
Production	116,000	91,400	70,000	64,000		90,000
Imports	1,250	890	1,000	200		400
Total Supply	119,250	94,290	73,000	66,200		90,400
Exports	110,250	85,290	64,000	60,000		82,200
Domestic Consumption	7,000	7,000	7,000	6,200		6,200
Ending Stocks	2,000	2,000	2,000	0		2,000
Total Distribution	119,250	94,290	73,000	66,200		90,400
TS=TD		0		0		0

Table 5: Mexico: Trade Matrixes for Fresh Oranges, Lemon/Limes, Grapefruit, and FCOJ

Table Oranges	**0805.10**	**Unit: Metric Tons**	
Exports for MY 2010/11 (Nov-Oct) to:		**Imports for MY 2010/11 *(Nov-Oct)* from:**	
U.S.	11,682	U.S.	23,446
UNITED KINGDOM	5,234	ARGENTINA	0
TOTAL OF OTHER	5,234		
OTHER NOT LISTED	367	OTHER	0
TOTAL	17,283	TOTAL	23,446

Table Oranges	**0805.10**	**Unit: Metric Tons**	
Exports for MY 2011/12 (Nov-Oct*) to:		**Imports for MY 2011/12 *(Nov-Oct*)* from:**	
U.S.	14,552	U.S.	19,438
UNITED KINGDOM	1,320		
TOTAL OF OTHER	1,320		
OTHER NOT LISTED	309	OTHER	0
TOTAL	16,181	TOTAL	19,438

SOURCE: Global Trade Atlas Edition, August 2012 *as of August 2012

Lemons/Limes	**0805.50**	**Unit: Metric Tons**	
Exports for MY 2010/11 (Nov-Oct) to:		**Imports for MY 2010/11 *(Nov-Oct)* from:**	
U.S.	429,904	U.S.	2,313
NETHERLANDS	12,186		
TOTAL OF OTHER	12,186		
OTHER NOT LISTED	24,420	OTHER	0
TOTAL	466,510	TOTAL	2,313

Lemons/Limes	**0805.50**	**Unit: Metric Tons**	
Exports for MY 2011/12 (Nov-Oct*) to:		**Imports for MY 2011/12 *(Nov-Oct*)* from:**	
U.S.	378,990	U.S.	1,400
NETHERLANDS	118,771		
TOTAL OF OTHER	118,771		
OTHER NOT LISTED	22,619	OTHER	0

TOTAL	520,380	TOTAL	1,400
*as of August 2012			

Grapefruit 0805.40		**Unit: Metric Tons**	
Exports for MY 2009/10 (Nov-Oct) to:		**Imports for MY 2009/10 *(Nov-Oct)* from:**	
U.S.	724	U.S.	2,363
FRANCE	11,376		
TOTAL OF OTHER	11,376	ISRAEL	0
OTHER NOT LISTED	5,221	OTHER	0
TOTAL	17,321	TOTAL	2,363

Grapefruit 0805.40		**Unit: Metric Tons**	
Exports for MY 2010/11 (Nov-Oct*) to:		**Imports for MY 2010/11 *(Nov-Oct*)* from:**	
U.S.	326	U.S.	8,322
NETHERLANDS	653		
TOTAL OF OTHER	653		
OTHER NOT LISTED	9,450	OTHER	0
TOTAL	10,429	TOTAL	8,322
As of August 2012			

Fresh Concentrate Orange Juice 2009.11			**Unit: Liters**	
Exports for MY 2011 (Jan-Dec) to:			**Imports for MY 2011 (Jan-Dec) from:**	
U.S.	55,073,375		U.S.	43,415
NETHERLANDS	48,429,133	#	BRAZIL	583,701
JAPAN	4,052,568		TOTAL OF OTHER	583,701
OTHER NOT LISTED	14,590,138		OTHER NOT LISTED	6
TOTAL	122,145,214	*	TOTAL	627,122

#--likely cause of data error mentioned in text analysis
*--GTA data but not used in this report

Fresh Concentrate Orange Juice 2009.11		**Unit: Liters**	
Exports for MY 2012 (Jan-Dec*) to:		**Imports for MY 2012 (Jan-Dec*) from:**	
U.S.	26,241,803	U.S.	31,155
NETHERLANDS	11,469,515	BRAZIL	70,009
JAPAN	1,679,297	TOTAL OF OTHER	70,009
OTHER NOT LISTED	3,269,317	OTHER NOT LISTED	21,775
TOTAL	42,659,932	TOTAL	122,939
* as of August 2012			

Orange Juice, Not Frozen 2009.19		**Unit: Liters**	
Exports for MY 2011 *(Jan-Dec)* to:		**Imports for MY 2011 *(Jan-Dec)* from:**	
U.S.	5,359,083	U.S.	384,541
NETHERLANDS	130,644	FRANCE	1,096

TOTAL OF OTHER	130,644	TOTAL OF OTHER	
OTHER NOT LISTED	35,320	OTHER NOT LISTED	
TOTAL	5,525,047	TOTAL	386,658

Orange Juice, Not Frozen 2009.19		**Unit: Liters**	
Exports for MY 2012 *(Jan-Dec*)* **to:**		**Imports for MY 2012** *(Jan-Dec*)* **from:**	
U.S.	3,931,203	U.S.	163,665
CHINA	39,972	GERMANY	1,158
TOTAL OF OTHER	39,972	TOTAL OF OTHER	1,158
OTHER NOT LISTED	9,270	OTHER NOT LISTED	73
TOTAL	3,980,445	TOTAL	164,896
*as of August 2012			

Table 6: Mexico – Wholesale Orange Prices (Pesos/Kg) cif Mexico city

Month	2010	2011	2012	Change % 11/12
January	2.19	2.33	3.54	51.93
February	2.45	2.40	4.12	71.66
March	2.89	2.65	4.21	58.86
April	3.95	3.33	4.85	45.64
May	5.05	4.67	5.35	14.56
June	5.78	5.26	4.22	(19.77)
July	4.71	5.70	5.88	3.15
August	5.35	5.52	10.13	83.51
September	5.06	4.31	3.99	(7.42)
October	2.87	3.00	3.32	10.66
November	2.27	3.04	3.07*	0.98
December	2.31	3.16	N/A	N/A

Source: Servicio Nacional de Informacion de Mercados
Avr. exchange rate for 2010 US$1.00 = $ 12.62 pesos
Avr. exchange rate for 2011 US$1.00 = $ 12.42 pesos
exchange rate November 15, 2012 US$1.00 = $ 13.23 pesos
**As 3er Week Nov 2012*

Table 7: Mexico - Key Lime Wholesale Prices (Pesos/Kg) cif Mexico city

Month	2010	2011	2012	Change% 11/12
January	3.05	14.42	4.05	(71.91)
February	3.05	7.26	3.78	(47.93)
March	2.74	3.25	3.50	7.69
April	3.36	2.71	4.01	47.97
May	3.63	2.53	3.60	42.29
June	3.11	2.62	3.74	42.74
July	2.61	2.68	3.89	45.14

August	2.65	3.36	3.78	12.50
September	3.00	4.58	3.59	(21.61)
October	3.57	5.18	3.89	(24.90)
November	6.56	5.93	4.51*	(23.94)
December	13.05	6.22	N/A	N/A

Source: Servicio Nacional de Informacion de Mercados
Avr. exchange rate for 2010 US$1.00 = $ 12.62 pesos
Avr. exchange rate for 2011 US$1.00 = $ 12.42 pesos
exchange rate November 15, 2012 US$1.00 = $ 13.23 pesos
**As 3er Week Nov 2012*

Table 8: Mexico - Persian Lime Wholesale Prices (Pesos/Kg) cif Mexico city

				Change %
Month	2010	2011	2012	11/12
January	4.85	19.52	3.96	(79.71)
February	5.77	27.67	4.41	(84.06)
March	7.92	19.42	5.43	(72.03)
April	13.85	5.91	5.31	(10.15)
May	15.37	4.04	5.07	25.49
June	6.57	3.98	4.30	8.04
July	3.77	3.54	3.70	4.51
August	3.45	3.75	3.70	(1.33)
September	3.52	4.20	3.98	(5.23)
October	3.48	4.02	3.98	(0.99)
November	5.25	4.03	4.27*	5.95
December	11.71	4.09	N/A	N/A

Source: Servicio Nacional de Informacion de Mercados
Avr. exchange rate for 2010 US$1.00 = $ 12.62 pesos
Avr. exchange rate for 2011 US$1.00 = $ 12.42 pesos
exchange rate November 15, 2012 US$1.00 = $ 13.23 pesos
**As 3er Week Nov 2012*

Table 9: Mexico - Grapefruit Wholesale Prices (Pesos/Kg) cif Mexico city

	2011		2012	
STATE	Veracruz	Michoacán	Veracruz	Michoacán
Month				
January	3.03		3.62	
February	2.80		4.60	
March	3.00		4.34	
April	3.20		4.55	
May	3.62	4.33	4.37	
June		4.89	4.77	6.22
July		5.06		5.68

August		4.49		5.08
September	3.39	4.39		5.31
October	3.32			5.04
November	3.44		5.00*	5.00*
December	3.34			

Source: Servicio Nacional de Informacion de Mercados
Avr. exchange rate for 2011 US$1.00 = $ 12.42 pesos
exchange rate November 15, 2012 US$1.00 = $ 13.23 pesos
**As 3er Week Nov 2012*

For More Information
FAS/Mexico Web Site: We are available at www.mexico-usda.com or visit the FAS headquarters' home page at www.fas.usda.gov for a complete selection of FAS worldwide agricultural reporting.

FAS/Mexico YouTube Channel: Catch the latest videos of FAS Mexico at work http://www.youtube.com/user/ATOMexicoCity

Useful Mexican Web Sites: Mexico's equivalent of the U.S. Department of Agriculture (SAGARPA) can be found at www.sagarpa.gob.mx, the equivalent of the U.S. Department of Commerce (SE) can be found at www.economia.gob.mx, and the equivalent of the U.S. Food and Drug Administration (SALUD) can be found at www.salud.gob.mx. These web sites are mentioned for the reader's convenience but USDA does NOT in any way endorse, guarantee the accuracy of, or necessarily concur with, the information contained on the mentioned sites.